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BEFORE THE ARIZONA CORPORATION COMMISSION

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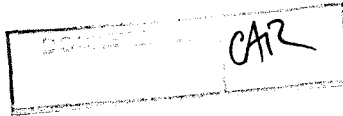
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Arizona Corporation Commission

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IN THE MATTER OF U S WEST
COMMUNICATIONS, INC.'S
COMPLIANCE WITH § 271 OF THE
TELECOMMUNICATIONS ACT OF 1996

Docket No. T-00000A-97-0238

AT&T'S COMMENTS ON THE
STATUS OF QWEST'S
OPERATIONS SUPPORT SYSTEMS
AND REQUEST THAT STAFF
SUPPLEMENT ITS OSS REPORT

AT&T Communications of the Mountain States, Inc., and TCG Phoenix
(collectively "AT&T") file the following comments on the recent status of Qwest
Corporation's ("Qwest") operations support systems ("OSS") and request that Staff
supplement its Supplemental Report on Qwest's OSS.

I. INTRODUCTION

Cap Gemini Telecom Media & Networks U.S., Inc. ("CGE&Y") found that,
although Qwest met the standard established for the test, it recommended implementation
of a number of changes to Qwest's OSS based on its observations during the test.¹ Staff
generally supported the findings and conclusions of CGE&Y, proposed a number of its
own recommendations,² and recommended that the Commission find Qwest in

¹ Final Report of the Qwest OSS Test, Version 2.0, dated March 29, 2002, at 26.

² Supplemental Report and Staff Recommendation on Qwest's Compliance with Checklist Item No. 2:
Access to Unbundled Network Elements – Operational Support System Requirements, dated May 1, 2002,
at ¶¶ 279-289.

compliance with Federal Communications Commission (“FCC”) requirements.³ AT&T’s position is that the facts never have supported Staff’s conclusion. Recent events confirm AT&T’s position.

II. COMMENTS

A. Qwest OSS Are Discriminatory According to Staff

The FCC has concluded that a Bell operating company (“BOC”) “must demonstrate that it provides competing carriers with complete and accurate reports on the service usage of competing carriers’ customers in substantially the same time and manner that [the BOC] provides such information to itself, and wholesale bills in a manner that gives competing carriers a meaningful opportunity to compete.”⁴ In finding that Southwestern Bell had made that demonstration, the FCC relied upon assertions that “it provides competing carriers with billing information through the Usage Extract process and carrier wholesale bills, using the same processes and systems as it uses in Texas.”⁵ It also relied upon assertions “that bills for Kansas, Oklahoma and Texas are *processed in the same service centers, using the same systems and overseen by the same personnel*. While the systems may use different tables, containing state-specific product codes and state-specific prices, *there is nothing in the record that the use of these tables would change the functionality or performance of these billing systems.*”⁶

³ *Id.*, ¶ 289. Staff was also “of the opinion that Qwest now provides the CLECs non-discriminatory access on a par with its own retail operations so that a knowledgeable competitor has a meaningful opportunity to compete.” *Id.*, ¶ 75.

⁴ *Joint Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, Memorandum Order and Opinion, FCC 01-29 (rel. Jan 22, 2001), ¶ 163.

⁵ *Id.*

⁶ *Id.*, n. 471 (emphasis added).

The FCC found that wholesale bills produced by the same Southwest Bell Telephone (SWBT) systems and processes as retail bills was evidence of nondiscriminatory access to billing functions. Staff's recent analysis conducted in the Show Cause proceeding resulted in a finding that Qwest's retail and wholesale processes are not the same and precludes the Commission from finding a CLEC's access to Qwest's billing functions is nondiscriminatory.

Staff's recent findings demonstrate that Qwest does not use the same processes and systems to provide wholesale bills to CLECs as it does to provide bills to its retail customers. Staff found that the systems and processes that Qwest uses to provide CLECs with wholesale bills are inferior to the systems and processes that Qwest uses to provide its retail customers with bills, and that Qwest offered no reasonable justification for the disparate processes. Staff described the retail process for implementing rate changes as "streamlined" and the wholesale process as "cumbersome." Specifically, Staff found:

Qwest's "wholesale rate systems and processes are manual, in part and as a result, cumbersome and *much different than the processes that Qwest utilizes to implement its retail rate changes.*"⁷

"Qwest has structured its systems and processes such that *implementation of wholesale rate changes is a cumbersome, manual process requiring more time than is reasonable or necessary.*"⁸

"When compared with its own average wholesale rate implementation period, its retail rate implementation period, the implementation periods of wholesale rate changes in the 14-state region as a whole, and when compared to the wholesale rate implementation policies of other BOCs, Qwest's failure to implement the new wholesale rates in Arizona to-date cannot be justified."⁹

⁷ Complaint and Order to Show Cause, T-01051B-02-0871 Decision No. 65450, docketed December 12, 2002, ¶ 17 (emphasis added).

⁸ *Id.*, ¶ 22 (emphasis added).

⁹ *Id.*, ¶ 23.

“Upon information and belief, it is Staff’s understanding that Qwest is able to implement retail rate changes within one billing cycle. By comparison, Qwest’s implementation of its wholesale rate changes is a cumbersome, manual process which significantly extends the time involved to implement and bill new rates to CLECs. *Qwest has not provided any persuasive justification for the disparate processes used for the implementation of its retail and wholesale rate changes*, and Staff believes that Qwest’s wholesale process is unreasonable.”¹⁰

“Qwest implements its wholesale rate changes on a CLEC by CLEC basis which interjects a significant delay into the process once a rate change is ordered.”¹¹

Qwest utilizes a much different, streamlined process for retail rate changes which allows those rate changes to be put into effect much sooner than its wholesale rate changes. Qwest has indicated in its discussions with Staff, that it is able to implement retail rate changes within one billing cycle. On the wholesale side, however, Qwest’s implementation of rate changes on a CLEC by CLEC basis calls into question the issue of why the wholesale and retail billings systems and rate change implementation processes are structured so differently with the result being a much more cumbersome and overall lengthy wholesale rate implementation process. Qwest’s wholesale rate change process is unreasonable when compared with its retail rate change process.”¹²

Based upon Staff’s finding of disparate treatment in the implementation rate changes the Staff concluded:

The inability of Qwest to make wholesale rate changes in a reasonable amount [of] time and to charge accurate rates to CLECs creates an unlevel playing field and results in discriminatory treatment by Qwest relative to how it treats its retail customers. In addition it results in discrimination between CLECs by giving new CLECs the rates immediately, but requiring existing CLECs to wait 6 months (or longer) to be charged the new lower wholesale rates. The preceding issues have implications for application for 271 relief as well.”¹³

¹⁰ *Id.*, ¶ 25 (emphasis added).

¹¹ *Id.*, ¶ 33.

¹² *Id.*, ¶ 34 (emphasis added).

¹³ *Id.*, ¶ 35.

AT&T agrees with Staff's conclusion that its findings demonstrate discrimination in the access to billing functions that Qwest provides to CLECs and that Qwest's system deficiencies impact Qwest's application for section 271 relief. Based upon its findings, Staff concluded:

"Given the importance of this issue, Qwest should be required to make changes to its wholesale billing rate change systems and processes to ensure comparability with its retail billing rate change systems and processes. Staff believes that Qwest wholesale systems and processes should be designed to enable the implementation of wholesale rate changes with 30 business days."¹⁴

In light of Staff's most recent findings, it is necessary that Staff reconsider its previous conclusion that, "Staff believes the record compiled during the course of the OSS Test program will demonstrate to the ACC, the DOJ and the FCC, an appropriate degree of Qwest's operations readiness, performance, and capacity to provide access to preordering, ordering, provisioning, repair and maintenance, and billing OSS functionality to CLECs in Arizona."¹⁵ Based upon Staff's latest findings, it cannot be said that the access that Qwest provides to its billing functionality to CLECs in Arizona is appropriate. Instead, Staff's latest findings necessitate a finding that Qwest provides discriminatory access to its billing OSS functionality.

Indeed, even Qwest recognizes that it needs to fix its process to implement wholesale rate changes. Qwest's representative at the December 2, 2002, Commission Special Open Meeting stated, "this inquiry has highlighted the need for certain process

¹⁴ *Id.*, ¶ 37.

¹⁵ Notice of Filing Draft Order, dated May 29, 2002, ¶ 152. Staff must also review its finding and conclusions in its Supplemental Report.

improvement related to Qwest's implementation of wholesale rates"¹⁶ and "there are process improvements Qwest believes that need to be made."¹⁷ The Commission should not provide a positive recommendation to the FCC for a Qwest section 271 application until Qwest has complied with Staff's proposal that Qwest change its wholesale billing rate change systems and processes to ensure compatibility with its retail billing rate change systems and processes.

B. Qwest's Commercial Data Demonstrate Discriminatory Treatment of the CLECs

Qwest's own commercial performance data for CLECs in Arizona serve to further support a conclusion of the discriminatory nature of Qwest's CLEC wholesale billing systems and processes. The BI-4A Billing Completeness performance measurement tracks the completeness of Qwest's wholesale and retail bills. Over the last eight months, Qwest's performance in providing complete bills to CLECs has been discriminatory by a statistically significant amount.¹⁸ A review of Qwest's BI-3A Billing Accuracy commercial performance results in Arizona also show that Qwest's performance in providing accurate wholesale bills to CLECs has been discriminatory by a statistically significant amount in three of the last four months. It should be noted that Qwest's performance in providing accurate wholesale bills is discriminatory without even factoring in Qwest's much-delayed implementation of the new wholesale rates. Once Qwest does finally implement the new wholesale rates, Qwest's BI-3A Billing Accuracy results should be much farther from parity.

¹⁶ Transcript, December 2, 2002, Special Open Meeting, at 8, lines 13 – 16.

¹⁷ *Id.*, at 18, lines 2 – 3.

¹⁸ Qwest Performance Results, Arizona, November 2001 – October 2002, November 19, 2002, Checklist Format, at 86.

C. The OSS Test Did Not Evaluate Qwest's Ability to Implement Timely and Accurate Rate Charges.

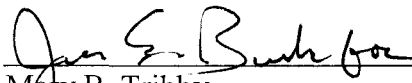
It should also be noted that CGE&Y's OSS test findings with respect to Qwest's performance in providing timely and accurate wholesale bills did not include any evaluation of Qwest's ability to implement timely and accurate rate changes. Qwest completed the process of implementing rate changes for all but the collocation rate elements required in Commission Decision 60635 by "the First Quarter of 1999."¹⁹ CGE&Y started the functionality testing that would have caused wholesale charges to be created in December of 2000. During the entirety of the OSS test, CGE&Y did not have the opportunity to observe Qwest's ability to implement wholesale rate changes.

III. CONCLUSION

Staff must re-evaluate its findings, conclusions and recommendations made in the section 271 proceeding regarding Qwest's OSS. This can only be done after a Commission decision has been entered on the Complaint and Order to Show Cause. At that time, Staff should incorporate the findings and conclusions, along with any recommendations, in the section 271 proceeding and supplement its Report.

Dated this 12th day of December, 2002.

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OF THE MOUNTAIN STATES, INC.,
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¹⁹ Qwest Response to Staff Discovery Request No. 297.

CERTIFICATE OF SERVICE

I hereby certify that the original and 13 copies of AT&T's Comments on the Status of Qwest's Operations Support Systems and Request That Staff Supplement its OSS Report were filed this 12th day of December 2002, with:

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